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Labovitz School of Business & Economics, University of Minnesota Duluth, 11 E. Superior Street, Suite 210, Duluth, MN 55802

Cross-Cultural Differences in Brand Extension Evaluations: the Effect of Holistic and Analytical Processing

Yeosun Yoon, Rice University

Zeynep Gurhan-Canli, University of Michigan

EXTENDED ABSTRACT - Extant research suggests that consumers are likely to transfer their family brand attitudes to a new extension if the perceived fit between the parent brand's existing products and the extension is high (Aaker and Keller 1990; Boush and Loken 1991). When the perceived fit is high, consumers are likely to infer the quality of the extension as similar to the quality of the parent brand. On the other hand, when the perceived fit is low, the extension is less likely to be evaluated by the overall attitude toward the parent brand, because consumers fail to categorize the extension as similar to the parent brand and are likely to engage in attribute-based processing. However, these studies have been done exclusively in the U.S., and it is not clear whether consumers in different cultures evaluate brand extensions in the same way. Recently, Nisbett et al. (2001) suggest that Americans are more analytic, pay attention to attributes of the objects and use those attributes to categorize the objects, whereas East Asians are more holistic, are likely to attend not only to the attributes of the objects but also consider non-diagnostic contextual or background factors.

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Cross-Cultural Differences in Brand Extension Evaluations: The Effect of Holistic and Analytical Processing

Yeosun Yoon, Rice University
Zeynep Gurhan-Canli, University of Michigan

EXTENDED ABSTRACT

Extant research suggests that consumers are likely to transfer their family brand attitudes to a new extension if the perceived fit between the parent brand's existing products and the extension is high (Aaker and Keller 1990; Boush and Loken 1991). When the perceived fit is high, consumers are likely to infer the quality of the extension as similar to the quality of the parent brand. On the other hand, when the perceived fit is low, the extension is less likely to be evaluated by the overall attitude toward the parent brand, because consumers fail to categorize the extension as similar to the parent brand and are likely to engage in attribute-based processing. However, these studies have been done exclusively in the U.S., and it is not clear whether consumers in different cultures evaluate brand extensions in the same way. Recently, Nisbett et al. (2001) suggest that Americans are more analytic, pay attention to attributes of the objects and use those attributes to categorize the objects, whereas East Asians are more holistic, are likely to attend not only to the attributes of the objects but also consider non-diagnostic contextual or background factors.

We extend the theory of holistic-analytical processing to the brand extension context. When the perceived fit is high, we expect evidence for analytic processing and no difference in brand extension evaluations across cultures. When the perceived fit is moderate or low, we expect that East Asians (versus Americans) are more likely to engage in holistic processing.

We employ two experiments to examine this possibility. Experiment 1 employs a 2 (culture: Western vs. Asian) X 3 (perceived fit: high, moderate vs. low) X 2 (brand breadth: broad vs. narrow) between subjects design. Korean and the U.S. represent cultures in which people incline toward holistic and analytic thoughts, respectively. The brand breadth factor is included to increase the generalizability of our findings as well as to rule out an alternative explanation. Since several big corporate names in Korea (e.g., Samsung, LG, etc.), it is possible to argue that Korean consumers are more familiar with broad brands and low fit extensions. Thus, we replicate our findings using both broad (Canon) and narrow (Nikon) brands. Our extension categories include a new digital camera (high fit), sunglasses (moderate fit) and running shoes (low fit). Our results suggest that both American and Korean consumers evaluate the high fit extension similarly. When the perceived fit is relatively low, Korean (vs. American) consumers evaluate the extension more favorably. These findings are consistent with our predictions and replicated across both broad and narrow brands. However, we did not find any difference between American and Korean consumers when the perceived fit was moderate. In order to explain this unexpected finding and to provide direct evidence regarding the processes underlying these effects, we conducted another experiment.

In experiment 1, we used two brands that consumers were highly familiar with and had prior knowledge about. In other words, we had little control over the non-diagnostic information. In experiment 2, we use a fictitious brand with which subjects do not have any pre-existing associations and we manipulate both diagnostic (e.g., perceived fit) and non-diagnostic information (e.g., characteristic of the CEO). Also, in order to provide direct evidence of holistic and analytic processing, we measure not only brand extension evaluations but also include a thought-listing task in experi-

ment 2. The study employs a 2 (culture: Western vs. East Asian) X 3 (perceived fit: high, moderate vs. low). Once again, Korean and the U.S. represent cultures in which people favor holistic and analytic thoughts, respectively. The fictitious brand (Zenet) was described as a leading brand in manufacturing high quality cameras and lenses. Our extension categories included digital cameras (high fit), sunglasses (moderate fit) and vacuum cleaners (low fit). All non-diagnostic information was negative in this study. Our results suggest that when the perceived fit (diagnostic information) between the parent brand and the extension is high, consumers in both Western and East Asian cultures evaluate the extension equally favorably. However, as the perceived fit decreases, consumers in East Asian cultures are likely to incorporate more non-diagnostic information (negative) and evaluate the extension less favorably than consumers in Western cultures. Consistent with our expectations, we found no difference between Korean and American consumers' extension evaluations when the perceived fit was high. Importantly, we also found that Koreans evaluated the extension less favorably than the Americans under both moderate and low fit conditions. Consistent with our expectations, the proportion of diagnostic thoughts was higher for Americans (vs. Koreans) under both moderate and low fit conditions.

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